



MSBE Construction Subcontracting Goals Methodology



Economic Development Committee Meeting
June 14, 2018



Agenda



- Construction Delivery Methods
- Construction Manager at Risk (CMAR) Overview



- CMPD Central Division Station Project
 - Contract Value
 - Bid Packages



- CBI Subcontracting Goal(s) Methodology
 - Project Specific Subcontracting Goal(s) Calculation
 - Calculation for CMPD Central Division Station Project
- Policy Discussion
 - How to increase subcontracting goal levels





Construction Delivery Methods

	Method	When it's used	Selection Method
	Traditional Design-Bid- Build	Typical horizontal and vertical projects	Lowest responsive, responsible bidder
		Most widely used method	
	Design-Build	 When the speed of delivery of a project is critical Repairs after disasters City has limited experience 	Request for qualifications (RFQ) qualifications based
	Construction Manager at Risk (CMAR) CMAR holds all subcontracts	 For complex projects that are typically over \$10M Most common on vertical projects City has performed 15-20 CMAR projects Selected during the early part of design 	Request for qualifications (RFQ) qualifications based
	Construction Manager as Agent CM hold no subcontracts	 For complex projects that are typically over \$10M Used on Blue Line and Blue Line Extension Selected during the early part of design 	Request for qualifications (RFQ) qualifications based



Construction Manager at Risk (CMAR) Process



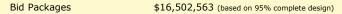
- City issues an RFQ for construction management services (per State statute) typically during the early stages of design. When staff chooses a firm, we typically consider:
 - Experience with similar projects
 - Familiarity with local market
- Prior success with diversity programs on other projects
- City enters into a Pre-Construction Services contract (Council approval needed > \$100k)
 - Plan reviews
 - Cost estimating
 - Scheduling services
 - CMAR works with designer and owner throughout the design process
- Between 60%-75% design phase, City and CMAR review project scopes and estimates, then set CBI goals
- CMAR hosts an outreach session to get market interested in the project and to discuss the project schedule, budget, and CBI goals
- CMAR is required to pre-qualify all 1st tier bidders (per State statute)
- Staff and CMAR negotiate the contract terms and contract value based on 95% cost estimate
- Council is asked to award a CMAR contract
- CMAR advertises the individual bid packages including CBI goals (per State statute)
- CMAR verifies bids and reviews CBI utilization/GFEs with City staff
- E&PM and CBI staff authorize CMAR to award individual bid packages to lowest responsible/responsive bidder
- CMAR contract converted to Guaranteed Maximum Price (per State statute)
- Low bidders perform work as sub-contractors to CMAR





Construction Manager at Risk Contract Value





Edifice's General Conditions \$1,193,714

Staff & admin

Job trailer rental Utilities

Parking costs

Storage yard

Subconsultants



\$191,545 Allowances



\$293,816



\$145,000 \$510,449



\$696,831





\$669,859



\$20,203,777

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Bid Packages

Overhead Doors

Drywall & Metal Studs

Acoustical Ceilings

Glass



Final Cleaning Continuous Cleaning Site Work Site Concrete Cast-in-place Concrete

Pre-cast Concrete



Flooring & Epoxy Fencing Paint Specialties Landscaping Soil Improvements





Hard Tile



Operable Partitions Metal Lockers



Trellis & Aluminum Tubes





Window Treatments



Elevators Fire Sprinkler Plumbing **HVAC** Electrical







CBI Subcontracting Goal(s) Methodology



Why Set Project Specific Goals?



To align goals with market availability of MSBE firms

To provide a legally defensible framework for contract compliance



Components for Setting Project Specific Goals



Mathematical calculation using MSBE availability and project work scopes



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CBI Subcontracting Goal(s) Methodology



- The City's methodology is industry best practice
 - Endorsed by American Contract Compliance Association and taught annually at National Training Institute
 - Utilized by Department of Transportation for establishing Disadvantaged Business Enterprise subcontracting goals
 - Minimizes the risk of litigation and reinforces a program with a sound, structured process





CBI Subcontracting Goal(s) Methodology

How are SBE and MBE Subcontracting Goals Established on Construction Projects?

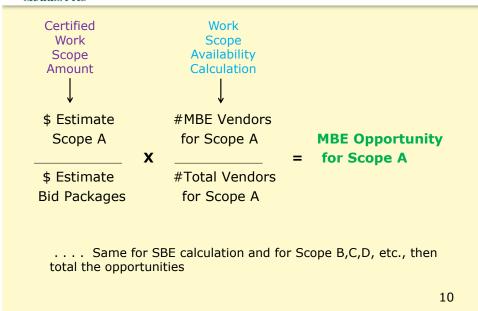
Using the project estimate:

- Identify estimated subcontracting scopes of work and associated costs
- Identify for each scope available SBEs and MBEs (as listed in City's vendor database)
- Calculate MBE and SBE availability for each scope
- Calculate certified work scope amount for each scope
- Total the opportunities
- Review historical data of actual results on past similar projects

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CBI Subcontracting Goal(s) Methodology







Example Application of Methodology

MBE Goal-Setting CMPD Central Division Station Project Total Construction Bid Package Cost Estimate \$14,619,420 (a) (e) (a) / \$14,619,420 (d) / (c) (b) x (e) Scope # MBE Estimate as % Total # Vendors % MBE MBE Scope of Scope of Total Vendors for Scope Scope Work **Estimate Project** for Scope Vendors Opportunity 1,030,455 0 0% Drywall 636,141 4.4% 48 10 0.92% ALL OTHER SCOPES TOTAL 9.08% 10% MBE Goal **Total ALL MBE Opportunities to Arrive at Project MBE** Subcontracting Goal

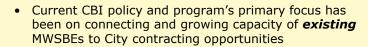
(a) X (d) MBE Opportunity \$14,619,420 (c) = for Scope A

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CBI Policy Considerations







 Increasing availability of MWSBEs would drive increases in project MWSBE goal levels



 Consideration: Focus initiatives on supporting creation of *new* MWSBEs to address gap areas where MWSBEs are underrepresented in City contracting





Central Division Rendering



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3-Story Building with 5-Level Deck



